DOCUMENT RESUME

ED 478 413 UD 035 817

AUTHOR	Richer, Elise; Frank, Abbey; Greenberg, Mark; Savner, Steve; Turetsky, Vicki
TITLE	Boom Times a Bust: Declining Employment among Less-Educated Young Men.
INSTITUTION	Center for Law and Social Policy, Washington, DC.
SPONS AGENCY	Charles Stewart Mott Foundation, Flint, MI.; Moriah Fund, Washington, DC.; Public Welfare Foundation, Washington, DC.
PUB DATE	2003-07-00
NOTE	22p.
AVAILABLE FROM	Center for Law and Social Policy, 1015 15th Street, N.W., Suite 400, Washington, DC 20005. Tel: 202-906-8000; Fax: 202-842-2885; Web site: http://www.clasp.org.
PUB TYPE	Reports - Research (143)
EDRS PRICE	EDRS Price MF01/PC01 Plus Postage.
DESCRIPTORS	Blacks; Child Support; Court Litigation; Economic Factors ; *Educational Attainment; *Employment Level; Hispanic Americans; Labor Market; *Males; Racial Differences; *Unemployment; *Wages; Young Adults
IDENTIFIERS	Economic Trends; *Income Disparities

ABSTRACT

During the 1990s, employment rates rose significantly for less-educated women but not less-educated men. This paper examines the situation of men age 18-24 who either lack a high school diploma or have no education beyond high school and are not institutionalized. It uses Current Population Survey employment figures to compare employment and earnings at the peaks of three business cycles: 1979, 1989, and 1999. It also examines employment-to-population ratios. It notes the average hourly wages of less-educated young men in these peak years and examines the population by ethnic group (non-Hispanic white, non-Hispanic black, and Hispanic). Less-educated young men fail to achieve outcomes attained in the past, with trends worsening. Even at the peak of the three business cycles, about one-fifth of all less-educated young men were unemployed, and by 1999, 22 percent were unemployed. Wages for less-educated young men declined between 1979-89, then remained flat. African American men fared significantly worse than the other groups. Various environmental and societal factors contribute to this phenomenon, including shifts in job availability for low-educated people, changes in overall occupational structure, movement of jobs out of inner cities, and high incarceration rates. Public policy responses and alternatives are presented. (SM)

Reproductions supplied by EDRS are the best that can be made
from the original document.

ED 478 413

BOOM TIMES A BUST

Declining Employment Among Less-Educated Young Men

By Elise Richer, Abbey Frank, Mark Greenberg,
Steve Savner, and Vicki Turetsky

BEST COPY AVAILABLE

July 2003

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
☑ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL HAS BEEN GRANTED BY
A. Houseman
Ctr. for Law & Social Policy
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

CLASP
Center for Law and Social Policy

UD 035 817

BOOM TIMES A BUST:

Declining Employment Among Less-Educated Young Men

By Elise Richer, Abbey Frank, Mark Greenberg,
Steve Savner, and Vicki Turetsky

July 2003

BEST COPY AVAILABLE

CLASP
Center for Law and Social Policy

ACKNOWLEDGEMENTS

This paper was funded by a grant from the Charles Stewart Mott Foundation and from general support funds provided by the Public Welfare Foundation, the Moriah Fund, and an anonymous donor.

Writing this paper would not have been possible without the assistance of Harry Holzer. We also wish to thank Paul Offner and Julie Strawn for their helpful comments and Gayle Bennett for editing the document.

The authors are solely responsible for content.

Copyright © 2003 by the Center for Law and Social Policy. All rights reserved.

BEST COPY AVAILABLE

Table of Contents

Introduction 1
What the Data Tell Us 3
Contributing Factors 5
Public Policy Responses and Alternatives 10
Conclusion 13
Endnotes 14

BEST COPY AVAILABLE

Introduction

During the 1990s, employment rates for less-educated young women rose significantly. Less-educated young men, however, did not experience a similar jump in employment rates. In fact, their employment rates remained stagnant during the decade, failing to return to higher rates of prior years. Their continued high unemployment rates and inability to achieve prior employment peaks, even after many years of a strong economy, are causes of concern.

Many studies have theorized why employment grew so much for women with relatively low levels of education during this same time period.[1] Some of the clearest influences appear to have been the Earned Income Tax Credit (EITC), which made work more financially rewarding for low-earning custodial parents, and welfare reform and increased child care subsidies, which encouraged more single mothers to enter the workforce. Neither of these causes is likely to have played a large role in encouraging young men to enter the workplace, however, because young men are much less likely to be custodial parents or participating in the welfare system.

Some of the causes of low and declining employment rates for less-educated young men are clear, and some are disputed or have not been extensively researched. It is clear that fewer job opportunities in manufacturing (tied to lower wages for less-educated workers) and increasing skill demands in a broad range of occupations have played a significant role in the decline of employment rates. The spatial mismatch between jobs in the suburbs and the population living in inner cities contributes to sustained low employment rates for those young men who live in the city. Certain child support policies may discourage non-custodial fathers from accepting regular jobs, instead encouraging employment in the "informal" economy. For African American young men in particular, there is evidence that high incarceration rates and discrimination both play roles in reducing employment rates. There are disputes or inadequate research about other potential factors: increased labor force participation of women and immigrants reducing opportunities for less-educated men; family structure; and cultural factors.

Very low and declining employment rates for young less-educated men are worrisome because of the effects on individual and family income and well-being. In 2000, the Census Bureau estimated that there were approximately 7.6 million less-educated men aged 18-24 in the U.S. Disengagement from the workforce for any period of time reduces future earnings potential and limits the ability to gain skills critical to job retention and advancement. In light of the problems unemployment and disengagement from the labor market create, and the clearly identified factors behind these trends, policies to raise employment rates for less-educated men are urgently needed.

THE FOCUS OF THIS PAPER

We focus on the employment situation of young men (ages 18 to 24) who either lack a high school diploma or who have no edu-

BEST COPY AVAILABLE

cation beyond a high school diploma and who are not institutionalized (thus excluding individuals currently in prison), not in school, and not in the military. Given their relatively low levels of formal education, we refer to these men as "less-educated." We use employment figures from the Current Population Survey (CPS) to compare employment and earnings at the peaks of three business cycles—1979, 1989, and 1999—when employment and wages should have been at their highest.[2]

As part of the analysis, we look at employment-to-population ratios, also called employment rates—that is, the number of employed members of a population divided by the entire population. Looking at the employment rate is more informative than looking at the *un*employment rate, since those who have stopped looking for work are not counted when calculating the unemployment rate. Focusing on this broader population is important because large numbers of young men may have stopped participating in the labor force at a time in their lives when they should be amassing work experience. An important note is that these employment rates likely capture only *formal* employment. Young men who work informally—for instance, "off the books" in formal establishments or for cash in informal jobs—may be less likely to call themselves "employed" when asked as part of a survey such as the CPS. Young men who earn income through illicit means are even less likely to define themselves as working.

We also look at the average hourly wages less-educated young men earned in these three peak years. Average hourly wages offer indications both about how valuable these young men are to employers and about how attractive the labor market is to them as workers.

Finally, we examine the population by ethnic group as the CPS defines them: non-Hispanic white, non-Hispanic black, and Hispanic. According to the Census, out of the 7.6 million less-educated young men, approximately 59 percent are non-Hispanic white, 16 percent are non-Hispanic black, and 21 percent are Hispanic. (The remainder are Asian/Pacific American and Native American, two groups whose numbers are too small to capture in data broken out by subgroup. We do not address the situation of these groups in this paper.)

Note that if we had included within this population those less-educated young men who are currently incarcerated, all of the data presented in this paper would look worse. According to the U.S. Department of Justice, as of June 2002, there were over 400,000 men between the ages of 18 and 24 in state and federal prisons, the majority of whom are less educated.[3] (According to one study, 63 percent of 16- to 24-year-old incarcerated men had less than a high school education, while another 33 percent had only a high school diploma or GED.[4]) Adding these men to the population under consideration would only increase the share of those not employed.

BEST COPY AVAILABLE

What the Data Tell Us

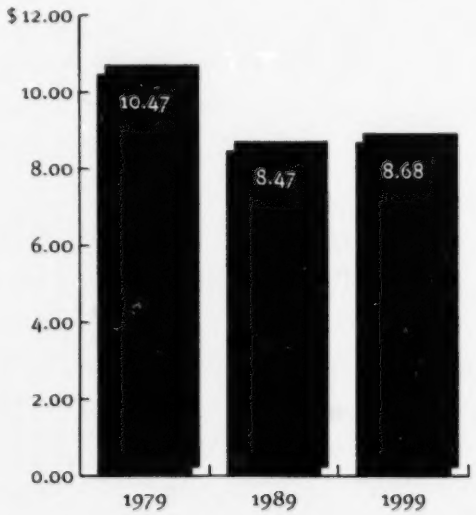
The data we examine show less-educated young men failing to achieve outcomes attained in the past, with trends appearing to get worse. Specifically, we find that:

Employment rates of less-educated young men are low. Even at the peak of each of the last three business cycles, in 1979, 1989, and 1999, about one-fifth of all less-educated, out-of-school young men were not working. By 1999, after one of the longest economic expansions in American history, 22 percent of these youth were not working. In other age ranges, we might assume a number of explanations for why such a large share of the population was not working: people might be out of the labor force to care for their children or parents, they might be studying, they might be retired, or they might be too sick or disabled to work. None of those explanations seems likely to hold for the group of young men we are focusing on, however—especially since we know they are not in school and thus not studying. Their level of "idleness" (neither working formally nor studying) is of significant concern.

The employment rate and wages for less-educated young men in the last two economic expansions have not matched those of 1979. The employment rate for less-educated young men declined slightly over the past 20 years. Even the tremendous economic boom of the 1990s did not lift this population to an employment rate as high as the 1979 rate. Instead, employment rates for less-educated young men have fallen by 5 percentage points, from 83 percent to 78 percent, over the past three business cycles. Real (that is, inflation-adjusted) average hourly wages fell even more steeply, dropping over 17 percent over the two decades.

Most of the ground that was lost occurred during the 1980s. Both employment rates and wages for less-educated young men declined between 1979 and 1989. Although both years were business peaks, 1989 did not provide this population of young men with employment rates as high as a decade earlier. Figure 1 shows the large drop in average hourly wages of $2 per hour, falling from close to $10.50 per hour in 1979 to $8.50 in 1989 (in constant 1999 dollars).

FIGURE 1: AVERAGE HOURLY WAGES, MEN 18-24 WITH NO MORE THAN A HIGH SCHOOL DIPLOMA



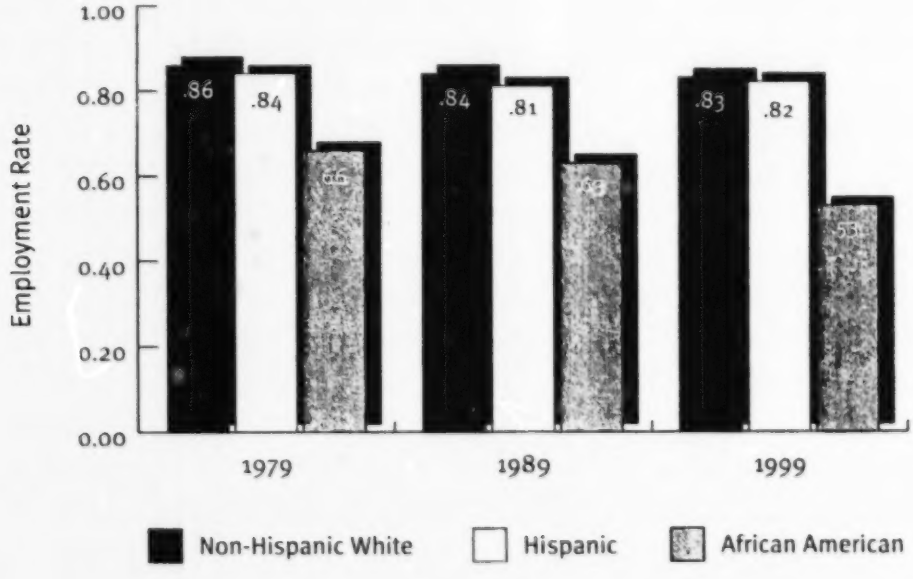
BEST COPY AVAILABLE

This lost ground was not made up in the 1990s. Between 1989 and 1999, employment rates and wages remained flat instead of rebounding. The robustness of the economy overall during the 1990s might have led us to expect that employment rates and average wages would recover to their previous high levels. Instead, both the employment rate and average wages remained essentially flat (wages increased a small amount to $8.68 an hour, while employment dropped 2 percentage points to 78 percent).

African American men fared significantly worse than non-Hispanic white men and Hispanic men. Figure 2 shows employment rates in the three peak years for three ethnic subgroups of the less-educated young male population. The rates of both non-Hispanic white men and Hispanic men show little change over this period. Non-Hispanic white men track the overall trend closely: a drop of 3 percentage points between 1979 and 1999, most of which occurred between 1979 and 1989. Hispanic men saw a slightly smaller drop of only 2 percentage points between 1979 and 1999. In contrast, African Americans experienced a 13 percentage point drop in employment over the two decades, with most of the decline occurring between 1989 and 1999.

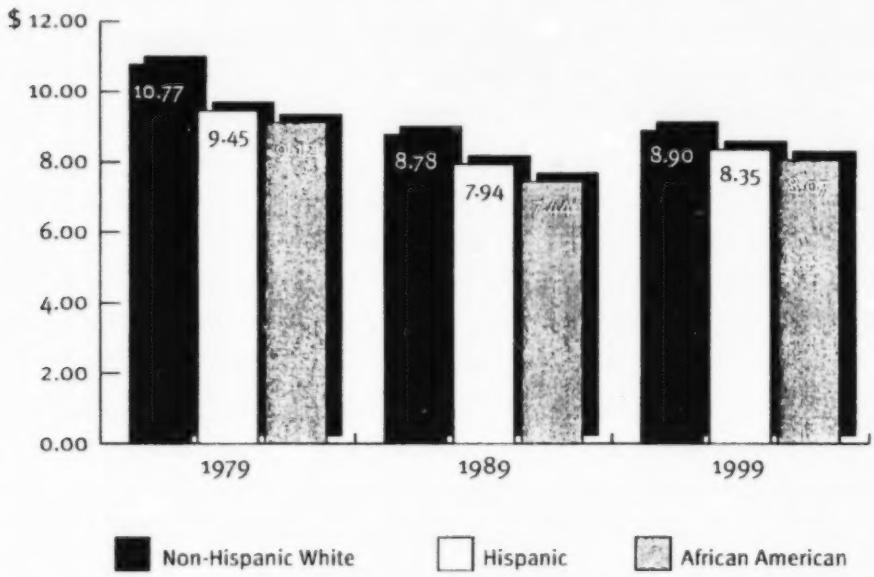
Wages for all three ethnic groups declined precipitously between 1979 and 1989 and did not recover in the 1990s. Figure 3 (p. 5) shows average wages by ethnic group during the peak years. All three groups experienced a large drop in average wages between 1979 and 1989—a fall of nearly $2 per hour for non-Hispanic

FIGURE 2: EMPLOYMENT RATE, MEN 18-24 WITH NO MORE THAN A HIGH SCHOOL DIPLOMA



BEST COPY AVAILABLE

FIGURE 3: AVERAGE WAGES, MEN 18-24 WITH NO MORE THAN A HIGH SCHOOL DIPLOMA



white men, who had much higher average wages, and drops of about $1.50 per hour for the other groups. (Wages are calculated using constant dollars, for comparative purposes.) During the 1990s, little recovery was made toward the peak of 1979. In fact, average hourly wages for non-Hispanic white men rose only 12 cents.

Looking at the three peak years shows a disturbing trend. Less-educated young men are less likely to be working than their counterparts of 20 years ago, and when they are working, they are likely to be earning significantly less.

Contributing Factors

While no single factor can fully explain the low employment rates for these less-educated young men, research suggests that a number of various environmental and societal factors are contributing to this growing phenomenon, and that the confluence of many or all of them significantly reduces both immediate and long-term employment prospects.

Shifts in job availability for workers with limited education have led to reduced opportunities. Over the past decade, job availability for less-educated workers has declined overall. Employers demand and expect their employees to

BEST COPY AVAILABLE

have higher skills than in the past, leaving less-educated workers with fewer work opportunities. This can be attributed in part to the shift in the industrial and occupational make-up of employment opportunities, technological advancements in the workplace, and the overall increase in demand for literacy and technical skills. Throughout the 1990s, for example, overall labor market conditions were very tight, with close to 20 million new jobs being created. A large proportion of the newly created jobs, however, were in high-skill occupations.[5]

Similarly, changes in the overall occupational structure have altered the nature of employment opportunities for all less-educated workers, and particularly young men. Less-educated young men have typically found work in blue-collar occupations, such as manufacturing and production, while women have tended to work in the service and retail sectors. For individuals with no bachelor's or associate's degree, the highest-growing employment areas that required moderate on-the-job training but no education beyond high school between 1986 and 1996 were bookkeepers, sales clerks, medical assistants, and human service workers.[6] While growth in these areas is positive, the occupations are ones where female workers traditionally outnumber male workers (at least in part because of employer preference for female workers). This shift in occupational structure could, therefore, be a factor in the decline of young male participation in the formal labor market.

Wages paid to less-educated workers have dropped. Over the 16-year period from 1973 to 1999, real wages for all workers at the lowest tenth percentile of wage earners (workers for whom 90 percent of the population earns more) fell by 9.3 percent; for men in the same percentile, real wages fell by 10.2 percent during the same time period.[7] This decline in the value of wages could be negatively influencing decisions regarding labor market participation for all low-skilled workers, not just young men. Less-educated workers, both men and women, might be more conflicted about participating in the formal economy since the overall earning potential of less-educated employees has declined so significantly. However, while there have been offsetting factors for young women—notably, the expansion of the EITC and child care and welfare reform policies—there have been no comparable offsetting factors for young men. One study done in the early 1990s found that the change in wages that began in the 1970s is responsible for most of the decline in employment for all white men, and nearly half of the decline among all African American men.[8]

The movement of jobs away from inner cities has disproportionately affected African American men. Over the past few decades, less-educated employees have remained concentrated in urban centers, while a large number of jobs traditionally available for less-educated men—in industries such as manufacturing, construction, and transportation—have relocated outside cities, leading to what some have called a "spatial mismatch." For example, many large cities, including Philadelphia, Chicago, New York, and Detroit, lost over 50 percent of their manufacturing jobs to more suburban areas between 1967 and 1987, making it more difficult for less-educated males living in urban centers to

find employment.[9] It is difficult for less-educated workers who live in the city to get to suburban areas, as public transportation is often unavailable, costly, or extremely time consuming, and relatively few people own cars or can afford to invest much in a vehicle. The movement of jobs away from cities has had an effect on all less-educated workers, but has had a disproportionate impact on young African American males as they remain more concentrated than other groups in urban centers.[10]

Child support policies may make formal employment less attractive for less-educated young men who are non-custodial parents. Some research suggests that more aggressive child support enforcement and other child support policies may discourage employment in the formal sector, encouraging informal employment instead. Although reliable data are not available as to how many of all less-educated young men are also non-custodial parents, this is certainly the situation for a considerable share of this population. (One study, using data from the National Survey of America's Families, has found that about one-quarter of 16- to 24-year-old African American men are non-custodial parents.[11])

Enforcement of child support orders against low-income fathers went from sporadic to increasingly automated and systematic over the course of the 1990s.[12] Since 1998, child support payment rates for low-income children participating in the state child support program have doubled.[13] At the same time, child support debt attributable to unpaid and partially paid support obligations began to rise sharply in 1998.[14] Child support debt is disproportionately owed by the lowest income parents, including less-educated and unemployed young fathers.[15] The financial pressure and loss of subsistence income created by high support orders and unmanageable debt can aggravate the unstable housing situations, lack of transportation, and health problems less-educated young fathers already face, and which themselves pose obstacles to steady employment.[16]

States can now more easily find and take action against fathers who owe child support and who work in a regular job, based in large part on new hire reports by employers, quarterly wage records, and payroll deductions.[17] The main way fathers can avoid enforcement is to avoid the formal labor market.[18] There is considerable evidence that many less-educated fathers enter the underground economy because of child support pressures and policies.[19] Many fathers report that unmanageable debt drives them underground—both to increase their ability to pay support and to avoid payment.[20] Fathers also report that child support assignment and distribution policies create a strong disincentive to paying child support through the formal system. Under assignment and distribution rules that permit the state to keep child support as recovered welfare costs, the money paid by fathers does not benefit their children. A recent demonstration in Wisconsin found that more fathers paid support (and paid more support) and had lower levels of informal employment when the support they were paying was passed through to their children and not kept by the state.[21]

High incarceration rates have a strong impact on young men's employment. Clearly a salient factor in the decline in employment among young less-educated men, and African American young men in particular, is the high incarceration rate for this segment of the population. The U.S. Department of Justice has estimated that, as of June 2002, there were over 190,000 African American men aged 18 to 24 in federal and state prisons.[22] (There were also over 120,000 white men and nearly 90,000 Hispanic men of the same age.) Data suggest that in the late 1990s, about 3 million African American males of all ages were in some form of correctional supervision, the majority of whom were incarcerated, while millions more were ex-inmates or felons currently or recently on probation.[23]

For all offenders, time spent in prison is time in which they are disconnected from the systems that lead to employment and career advancement. Access to educational opportunities is limited and there are few opportunities to gain skills that are transferable upon exit. Time in prison also curtails opportunities to gain work experience and to develop professional networks that are vital to career development and advancement. The effects of these missed opportunities are not just stumbling blocks for immediate labor market participation; they could likely impede career advancement over the long-term. In addition, ex-offenders return to the labor market with a significant stigma in the eyes of employers.

There is considerable evidence that employers are generally reluctant to hire ex-offenders. Holzer, Raphael, and Stoll surveyed employers who had experience hiring low-wage workers and asked about their willingness to hire ex-offenders.[24] They found that over 60 percent of employers said they would probably not hire an applicant with a criminal record. In fact, their research found that employers are more willing to hire members of nearly any other stigmatized group, including welfare recipients, applicants with a GED, individuals who have been unemployed for a long period of time, and those with gaps in their employment history, than an ex-offender. Another recent study sent out matched pairs of job candidates to apply for the same job, with the two candidates presenting identical traits (including race, education, and work experience), except that one candidate also presents a criminal record. The study found that having a criminal record led to a 50 percent reduction in employment opportunities for white applicants, and a 64 percent reduction for African American applicants.[25] (Employment opportunities were measured as callbacks or job offers from employers.)

The matched-pair studies highlight the particularly negative effects of ex-offender status for African American men, which can include discrimination. Holzer, Raphael, and Stoll found evidence that assumptions about criminal involvement lead to general employment discrimination against all African American men—even those who have never been incarcerated. They show that employers are less likely even to interview young African American men than other applicants out of fear that they have been involved in criminal activity. While some employers may not be conscious of discriminating against these potential employees, this type of discrimination appears to be fairly common.

The multiple effects of incarceration have a profound impact on young African American men's employment. Holzer, Offner, and Sorensen have estimated that a 1 percentage point increase in the incarceration rate for all African American men leads, three years later, to a drop of 2 percentage points in labor force participation for African American men aged 16 to 24.[26] (Three years is the average period of incarceration for a prisoner upon reentry.[27]) They point out that since incarceration rates have risen 3.5 percentage points over the last 20 years, this trend could account for a 7 percentage point drop in labor force participation among young African American men.

Employer discrimination limits employment opportunities for young African American men. Discrimination against African American men, separate from the issue of potential ex-offender status, has also been documented. A review of quantitative and qualitative literature in the mid-1990s showed that African Americans continued to face discrimination in the workplace, despite federal efforts to combat the problem.[28] The discrimination derives both from employers' prejudices as well as their lack of knowledge of the skills of individual African American applicants. If employers do not know the true skills and abilities of those who apply, they may try to guess the skill level of a particular applicant by making a judgment based upon their assumptions of the skills and abilities of a group the applicant belongs to. If employers are aware that young African American men are more likely to have less education or to have a criminal record, they may assume these negative characteristics about every African American male employee who applies for a position, whether the individual possesses the characteristics or not. Of course, other employers may just be prejudiced against African American men and not wish to hire them, no matter their skill level.

It also appears that certain types of businesses—particularly small firms—are less likely to hire African Americans, at least partly due to discrimination.[29] Small firms may feel less pressure to adhere to government anti-discrimination policies, may be less likely than large firms to have affirmative action programs in place, and may be less likely to have reliable information about their applicants' abilities, making them more likely to discriminate. Researchers have also found that suburban employers are less likely to hire African American men into retail or service jobs.[30] It appears that such employers are less inclined to have African American men interact with customers, thus closing off a potentially important avenue of employment.

Women's increased employment may be reducing opportunities for young men. Researchers have also theorized that the decline in employment among young less-educated men can be attributed, in part, to the rise in employment rates of less-skilled women. From 1989 to 1999, labor force participation among women without a high school diploma increased by 6 percent, and single mothers with children increased their labor force participation by over 10 percent during the same period.[31] This increase can be attributed, in part, to changes in social policy, including the new work requirements in welfare reform, the increase in the minimum wage, the EITC,

and the expansion of child care subsidy assistance.

Research in the area of the "substitution effect" between less-educated women and men, however, is contradictory and therefore inconclusive. One recent study concluded that it is unlikely that the influx of less-educated women into the labor market has had much of an effect on less-educated male employment. This research asserts that men and women typically operate in different labor markets, with men more likely to be in manufacturing and women in service sector jobs, making it unlikely that they would be competing for similar work. According to this study, any substitution effect that may have occurred was relatively small and is not a principal explanation for the declines in labor force participation of less-educated men.[12] Another study, however, used different methodology and found that declines in welfare caseloads and the resulting increase in labor market participation of single mothers may cause employment losses for less-educated males.[13]

This paper clearly does not offer an exhaustive list of potential factors that may be influencing formal labor market participation among young men in general, and African American men in particular, but rather highlights some of the main areas in which research on this topic exists. Discussions about other potential factors that may have contributed to the decline in male youth employment generally, and among African American youth in particular, have posited that cultural factors and family and social structures could play a role. Others have also suggested that the immigration boom of the past decade has decreased employment opportunities for young African American men. Research establishing the relevance of these factors, however, is not yet readily available.

Public Policy Responses and Alternatives

With so many and such varied reasons behind the difficulties young less-educated men have faced in the labor market over the past several decades, there is no single policy solution that will restore employment rates and wages to those of a generation ago. Some of the causes we have discussed, such as employer discrimination and occupational shifts to jobs traditionally held by women, are particularly thorny and complex issues to address through public policy. Here we focus on public policy responses that more immediately address some of the challenges detailed in this paper and that could aid less-educated young men in achieving employment outcomes of prior years. Federal, state, and local governments and policymakers should all play a role in changing practices to improve the employment opportunities for less-educated young men.

Some of these solutions are far-reaching; yet the dimensions of the challenge—the millions of less-educated young men needing employment, the families affected by these men's inability to earn a steady living, and the communities affected by their decreased productivity—suggest that far-reaching solutions may well be necessary.

BEST COPY AVAILABLE

We believe that employment and earnings among this population could be improved by removing some of the disincentives to employment in the formal sector and by improving skills and job preparation for young people. To change the incentives for young men looking for work, we recommend the following:

Expand the EITC for non-custodial parents paying child support and for childless adults. The positive effects of the EITC on increasing employment and income for low-earning single parents (who tend to be women) have been well-documented. Given this success, it makes sense to expand the program to low-earning adults who are non-custodial parents or childless. Others in the field (including Holzer, Primus, and Offner) have already suggested this as a way to make formal but low-paying employment more financially rewarding.[34]

Increase the minimum wage. The federal minimum wage is currently $5.15 an hour, the same level it has been since 1997. An increase in the minimum wage to a higher level—bills in the 108th Congress have proposed increases to $6.65 per hour, over the course of one year—would make work more rewarding for those working in low-paying jobs. Indexing the minimum wage to inflation would prevent its continual erosion in value.[35] Some economists have protested that raising the minimum wage would hurt low-earning workers because employers would be less willing to hire them at the higher wage. Most research on prior minimum wage increases has not found this effect.[36]

Set realistic child support orders, and adopt strategies for managing arrears. For less-educated young men who are non-custodial parents, changes to a number of child support policies could help encourage those men to seek and retain employment within the formal employment sector. This would increase their earning capacity and improve the living situation of their children, who would be more likely to receive regular child support payments. Changes that should be made include: reducing default orders by improving location, notices, and service of process; creating a simpler and more accessible establishment process and encouraging parents to participate in the process; using better information to set orders; limiting retroactive support, birthing costs, interest, fees, and presumed income; developing simple procedures to set aside and adjust inaccurate orders; suspending or adjusting orders during incarceration; and reducing arrears owed to the state. Funding community-based intermediaries to provide services to young less-educated fathers is one way to help them become engaged in the system.

Pay all child support to families, not the state. Federal legislation has been proposed (for example, Senate Bill 669) that would give states full flexibility to pay child support to families who currently receive or formerly received Temporary Assistance for Needy Families (TANF) cash assistance. Currently, as a condition of receiving TANF assistance, families must sign over their rights to unpaid child support to the state. When the support is collected, the state keeps the money to pay back the costs of supporting the family on assis-

tance. Now, most of the child support owed to current TANF families is kept by the state. Even after families stop receiving TANF assistance, the state continues to keep a portion of the support to repay the assistance. This policy functions as a clear disincentive for young fathers to work in the formal economy and pay child support, since their children do not see the money. To encourage regular employment and support payments, states should pass through all such child support to the family.

We also recommend that federal, state, and local policymakers develop programs and policy responses to help young men gain the skills and work experience needed for them to find meaningful and better paid work. Recommendations on achieving these goals include:

Expand transitional jobs programs. Transitional jobs are short-term, publicly subsidized jobs that combine real work, skill development, and support services to help participants find and keep unsubsidized jobs. Programs such as YouthBuild and the National Service and Conservation Corps have used this model for thousands of less-educated youth and have helped many gain work experience and both "soft" and "hard" job skills, thus making them more attractive to employers. The number of slots in these programs currently pales in comparison to the demand; more funding is needed to expand transitional jobs programs such as these.

Create public jobs for youth. A number of experienced workforce researchers have begun advocating for an extensive public jobs program for young adults. Such jobs would not be created as short-term transitional jobs, but as longer term positions designed to help the nation accomplish work currently going undone. Not all of the millions of unemployed, less-educated youth can be accommodated in the private labor market—not even the tight labor markets of the 1990s were enough to boost employment rates, and the current slack economy seems even less likely to do so. A public job creation program, tapping the unused resource of young adults to help meet the nation's need for employees in public schools, hospitals, and infrastructure maintenance, could help close the employment gap.[37]

Develop quality training programs that meet the needs of youth. Rigorous research shows that disadvantaged youth can benefit from high-quality job training designed to meet their needs. Such training typically is provided in a work-like setting; has high expectations for attendance and effort; supports participation with mentoring and counseling; uses hands-on instruction and addresses literacy and soft-skills issues; and trains for occupations in demand in the local economy. Some of these programs are "sectoral" in that they focus specifically on the needs and demands of specific industries. Such programs need to be developed locally or regionally, although they may be funded through national funding streams. Ideally these programs target growth industries and those facing imminent labor shortages and train for occupations that offer long-term advancement.

Improve secondary education and transitions to employment for high school students. Youth who have only a high school diploma, as well as dropouts, are

failing to achieve the employment and earnings of a generation prior. Yet as researchers such as Demetra Smith Nightingale have pointed out, two-thirds of new jobs in the first decade of this century will *not* require a college degree. High schools, community colleges, and workforce development programs should help students find workplace internships, on-the-job training, and related education opportunities in occupations with high earnings pathways that require training beyond high school but short of a college degree. A number of innovative initiatives allow high school students to earn college credits and gain work experience related to a specific occupation while finishing high school.

Increase access and support for young men to succeed in postsecondary education. Greater outreach to young low-income men is needed to help them develop career goals and locate postsecondary programs that can help them achieve those goals. More financial aid for this group is also needed. Over the past 10 years, the real cost of a college education has risen nearly 40 percent. These increases come on top of even greater increases during the 1980s.[38] Increasing Pell Grant funding and allowing financially independent youth to keep more of their earnings for basic living expenses while in school could assist more low-income students to enter and persist in postsecondary education. Other federal policy changes that would help this group include allowing those without a high school diploma to become eligible for student aid through a trial period rather than through an "ability to benefit" exam and expanding on-campus supportive services for them once they are enrolled.

Improve pre- and post-release employment assistance for prisoners. At least some share of the difficulties some young less-educated men face in finding employment stems from having been involved in the criminal justice system. Current programs to assist these ex-offenders in preparing for and finding steady employment are inadequate. While under the supervision of the corrections system, young men need an opportunity to address their educational and employment needs through remedial education, vocational education, and work programs. Upon release, ex-offenders need coaching on how to obtain employment even with a conviction record. States and localities that have chosen to bar those with a conviction from certain employment opportunities should review such legislation in light of the reduced opportunities available for men with a criminal past.

Conclusion

Between 1979 and 1999, the employment situation and prospects of over seven million less-educated young men have declined. This is worrisome for these young men and their families, and should be a matter of concern for the broader community as well. Lack of employment for extended stretches during this critical period of their lives will permanently affect the earning potential of these young men and the well-being of their families. The policy proposals suggested here would represent a significant first step in a long-term strategy to reverse the declining employment of less-educated young men.

BEST COPY AVAILABLE

Endnotes

1 See, for example, Card, D., & Blank, R. (Eds.). (2002, February). *Finding jobs: Work and welfare reform*. New York: Russell Sage Foundation.

2 We adjust wages from 1979 and 1989 to 1999 dollars using the CPI-U-RS. It is commonly held that the CPI overestimates inflation; by using the CPI-U-RS we try to minimize the overestimate.

3 Harrison, P.M., & Karberg, J.C. (2003, April). *Bureau of Justice Statistics Bulletin: Prison and jail inmates at midyear 2002*. Washington, DC: U.S. Department of Justice, Table 13. Retrieved from http://www.ojp.usdoj.gov/bjs/pub/pdf/pjim02.pdf, on June 30, 2003.

4 Wald, M., & Martinez, T. (Forthcoming). *Disconnected youth: Some thoughts on strategy*. Menlo Park, CA: Hewlett Foundation, p. 4.

5 Sum, A., Fogg, N., & Mangum, G. (2000, October). *Confronting the youth demographic challenge: The labor market prospects of out-of-school young adults*. Baltimore, MD: Sar Levitan Center for Social Policy Studies. See note 1.

6 U.S. Department of Labor. (1999). *Report on the American workforce*. Washington, DC: Author.

7 Mishel, L., Bernstein, J., & Schmitt, J. (2000). *The state of working America 2000-2001*. Ithaca, NY: Cornell University Press.

8 Juhn, C. (1992, February). "Decline of male labor market participation: The role of declining market opportunities." *The Quarterly Journal of Economics, CVII*, 79-121.

9 Wilson, W.J. (1996). *When work disappears: The world of the new urban poor*. New York: Alfred A. Knopf, p. 29.

10 See, for example, Frey, W.H., & Fielding, E.L. (1995, June). "Changing urban populations: Regional restructuring, racial polarization, and poverty concentration." *Cityscape: A Journal of Policy Development and Research, 1*(2).

11 Sorensen and Oliver (2002), as cited in Holzer, H.J., Offner, P., & Sorensen, E. (2003, July). *What explains the continuing decline in labor force attachment among young black men?* Forthcoming paper prepared for Harvard Color Lines conference, August 30-September 1, 2003, p. 10.

12 See Furstenberg, F., Sherwood, K., & Sullivan, M. (1992). *Caring and paying: What fathers and mothers say about child support*. New York, NY: Manpower Demonstration Research Corp., p. 12.

13 Turetsky, V. (2003, June). *Child support trends*. Washington, DC: Center for Law and Social Policy.

14 Sorensen, E., Koball, H., Pomper, K., & Zibman, C. (2003, March). *Examining child support arrears in California: The collectibility study*. Washington, DC: Urban Institute.

BEST COPY AVAILABLE

15 Sorensen, et al., 2003; Peters, J. (1999). *Overcoming the barriers to collection.* Olympia, WA: Washington State Department of Social and Health Services; Pearson, J., Thoennes, N., & Davis, L. (1999). *Dropping debt: An evaluation of Colorado's Debt and Retroactive Support Initiative.* Denver, CO: Center for Policy Research.

16 Martinez, J., & Miller, C. (2000). *Working and earning: The impact of Parents Fair Share on low-income fathers' employment.* New York, NY: Manpower Demonstration Research Corp.; Meyer, D., & Cancian, M. (2002). *W-2 Child Support Demonstration evaluation, Report on non-experimental analyses: Fathers of children in W-2 families, Vol. II.* Madison, WI: Institute for Research on Poverty.

17 Deduction of child support from obligors' paychecks, known as "income withholding," is the primary method of collecting child support.

18 Meyer, D., & Cancian, M. (2001). *W-2 Child Support Demonstration evaluation, phase I: Final report: Effects of the experiment, Vol. I.* Madison, WI: Institute for Research on Poverty; Doolittle, F., Knox, V., Miller, C., & Rowser, S. (1998). *Building opportunities, enforcing obligations: Implementation and interim impacts of Parents' Fair Share.* New York, NY: Manpower Demonstration Research Corp.

19 See, for example, Meyer & Cancian, 2002; Johnson, E., Levine, A., & Doolittle, E. (1999). *Fathers' fair share.* New York, NY: Russell Sage Foundation; Furstenberg, Sherwood, & Sullivan, 1992.

20 Meyer & Cancian, 2002; Johnson, Levine, & Doolittle, 1999; Furstenberg, Sherwood, & Sullivan, 1992.

21 Meyer & Cancian, 2001.

22 Harrison, P.M., & Karberg, J.C. (2003, April). *Bureau of Justice Statistics Bulletin: Prison and jail inmates at midyear 2002.* Washington, DC: U.S. Department of Justice, Table 13. Retrieved from http://www.ojp.usdoj.gov/bjs/pub/pdf/pjim02.pdf, on June 30, 2003.

23 Holzer, H.J., Raphael, S., & Stoll, M.A. (2001). *How do crime and incarceration affect the employment prospects of less-educated young black men?* Presented at the Extending Opportunities Conference, New York, NY.

24 Holzer, H.J., Raphael, S., & Stoll, M.A. (2002). *Perceived criminality, criminal background checks, and the racial hiring practices of employers.* Discussion Paper no. 1254-20. Madison, WI: Institute for Research on Poverty.

25 Pager, D. (2002, June). *The mark of a criminal record.* Retrieved from http://www.sase.org/conf2002/papers/g013pager.pdf, on June 12, 2003.

26 Holzer, Offner, & Sorensen, 2003.

27 Travis et al. (2001), as cited in Holzer, Offner, & Sorensen, 2003, p. 14.

28 Holzer, H.J. (1996, April). *Employer hiring decisions and antidiscrimination policy.* Madison, WI: Institute for Research on Poverty.

29 Holzer, H.J. (1997, January). *Why do small establishments hire fewer blacks than larger ones?* Madison, WI: Institute for Research on Poverty.

30 Holzer, H. J. (1998, May). *Black applicants, black employees, and urban labor market policy.* Madison, WI: Institute for Research on Poverty.

31 Blank, R., & Schmidt, L. (2001). "Work, wages and welfare." In R. Blank & R. Haskins (Eds.), *The New World of Welfare*. Washington, DC: Brookings Institution.

32 Blank, R., & Gelbach, J. (2002). *Are less skilled women crowding out the labor market participation among less skilled men?* Retrieved from http://www.umich.edu/~fschool/research/papers/PDFfiles/02-002.pdf, on January 10, 2003, p. 29.

33 Bartik, T. (2002). *Instrumental variable estimates of the labor market spillover effects of welfare reform*. Kalamazoo, MI: The Upjohn Institute.

34 See, for example, Holzer, H.J., Raphael, S., & Stoll, M.A. (2003, April). *Employment barriers facing ex-offenders*. Retrieved from http://www.sscnet.ucla.edu/issr/csup/pubs/papers/pdf/csup6.pdf, on June 9, 2003.

35 See Bernstein, J., & Chapman, J. (2002, May). *Time to repair the wage floor: Raising the minimum wage to $6.65 will prevent further erosion of its value*. Retrieved from http://www.epinet.org/Issuebriefs/ib180/ib180.pdf, on June 9, 2003.

36 Bernstein, J., & Schmitt, J. (1998). *Making work pay: The impact of the 1996-97 minimum wage increase*. Washington, DC: Economic Policy Institute, provides a summary of research.

37 See Sum, A., Mangum, G., & Taggart, R. (2002, May). *The young, the restless, and the jobless: The case for a national jobs stimulus program targeted on America's young adults*. Baltimore, MD: The Sar Levitan Center for Social Policy Studies, for a comprehensive discussion of one such proposal.

38 The College Board. (2002). *Trends in college pricing, 2002*. Washington, DC: Author, p.4. Retrieved from http://www.collegeboard.com/press/cost02/html/CBTrendsPricing02.pdf, on May 30, 2003.

CLASP
CENTER FOR LAW AND SOCIAL POLICY

1015 15th Street, NW, Suite 400
Washington, DC 20005

202.906.8000 main
202.842.2885 fax

www.clasp.org

BEST COPY AVAILABLE

U.S. Department of Education
Office of Educational Research and Improvement (OERI)
National Library of Education (NLE)
Educational Resources Information Center (ERIC)

NOTICE

Reproduction Basis

X	This document is covered by a signed "Reproduction Release (Blanket)" form (on file within the ERIC system), encompassing all or classes of documents from its source organization and, therefore, does not require a "Specific Document" Release form.
	This document is Federally-funded, or carries its own permission to reproduce, or is otherwise in the public domain and, therefore, may be reproduced by ERIC without a signed Reproduction Release form (either "Specific Document" or "Blanket").